



THE CITY OF



WWR Stakeholder Presentation

Wholesale Municipalities, Retail Authorities & Industrial Users 10-31-2025

Agenda

System Overview

Implementation of new EPA and
EGLE regulations

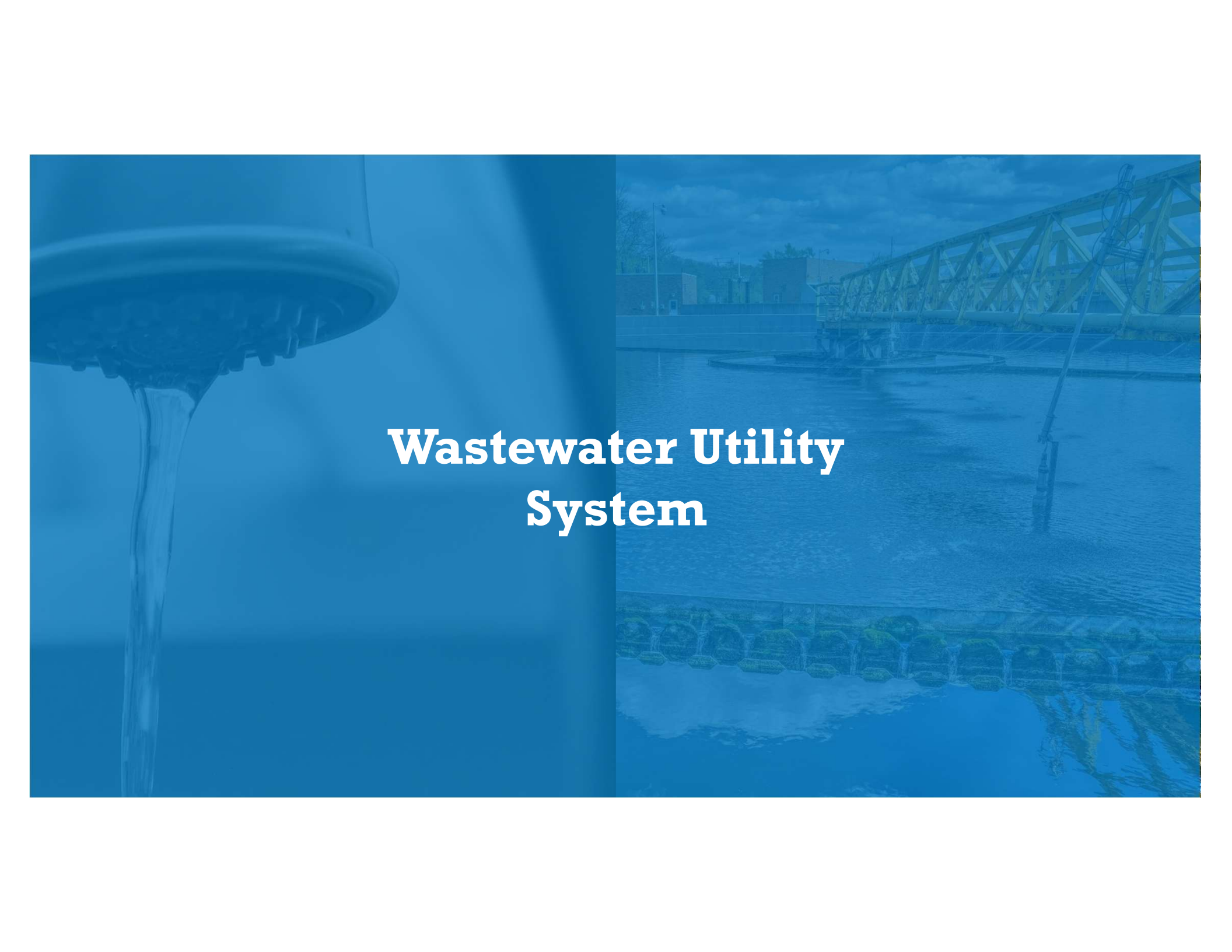
O&M and Capital Budget Outlooks

Proposed FY2026 WWR Rates

IPP Award Recipients

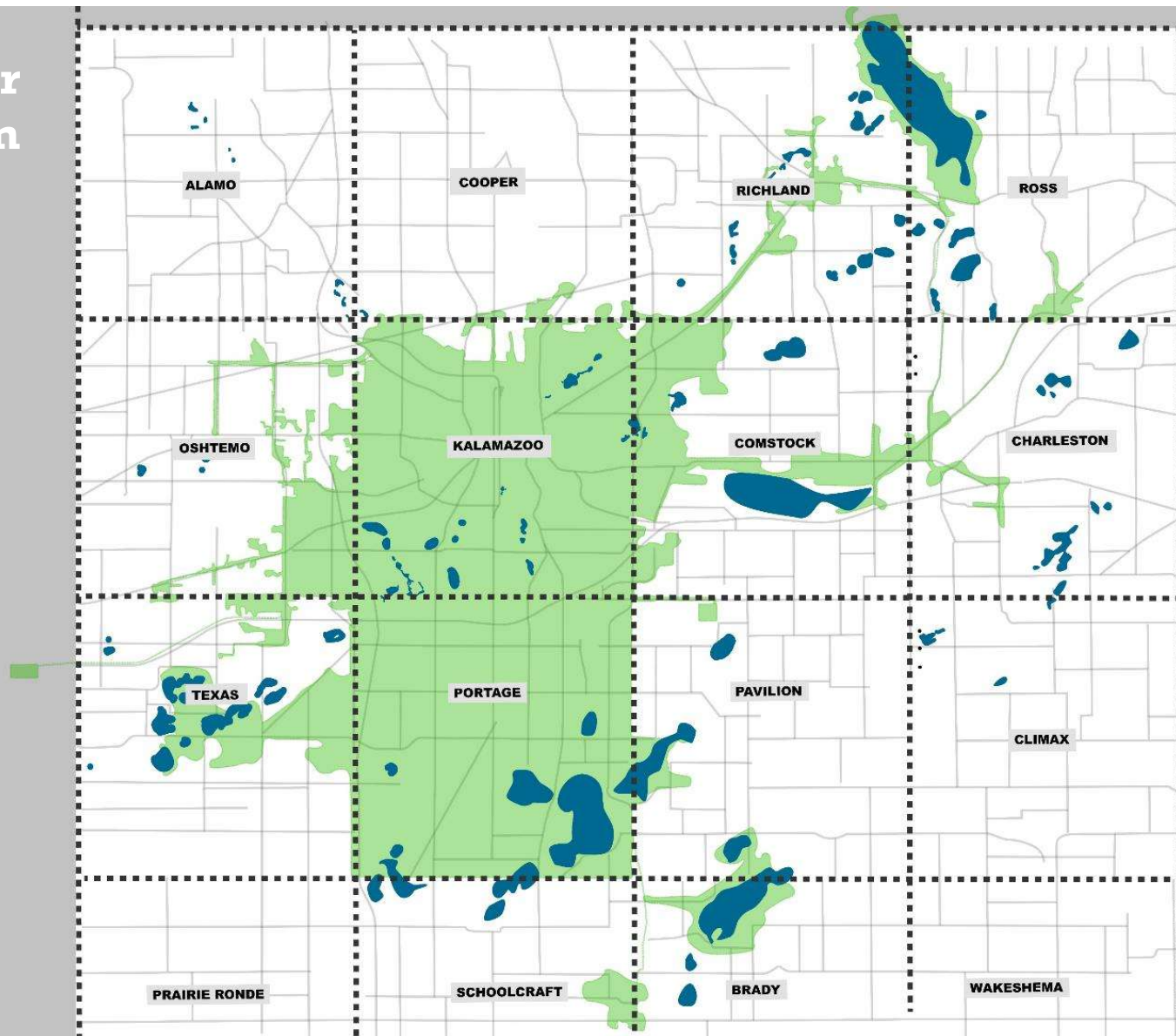
Next Steps





Wastewater Utility System

Wastewater system



Michigan's only powdered activated carbon treatment plant

- 568 miles of pipes between 6" and 78" diameter
- 892 total system miles
- 54 million gallons per day design average treatment capacity
- 27 million gallons per day average annual treatment
- 77 million gallons per day max headworks pumping capacity
- In service and operational 24/7 since 1955 – **70 Years of Operational Success!**
- Designed and built to treat manufacturing waste streams and support regional economic growth
- **99.7%** average compliance rating

Implementation of new EPA and EGLE regulations

Compliance requirements are very serious, COK regulated by EPA to ensure enforcement is occurring.

Industrial users anticipated to experience 5% to 15% excursion rates for compatible pollutants. Compliance communications most commonly issued unless exceedance is severe and/or causes damage

New pollutant parameters and introduction of SALs may require many Industrial Users to receive NOVs and NTCs

Fines are now implemented in accordance with the ERP





O&M and Capital Budget Outlooks

Areas of increasing WWR LOS

Permit compliance, chemicals, including odor control

Odor control

Sludge Disposal

Sewer collections O&M including CMOM

Manhole casting and rehabilitation, including interceptors

Sanitary sewer CIPP lining, including interceptors

Lift Station reliability, resiliency and operational performance



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Air Quality & Odor Reduction

Odor control chemicals

Odor control carbon

Envirosuite Odor Monitoring

JustAir Community Air Quality Monitoring

Instruments, calibration, data analytics

\$2.5 million in operational expenditures planned in 2026



Increasing sludge disposal costs

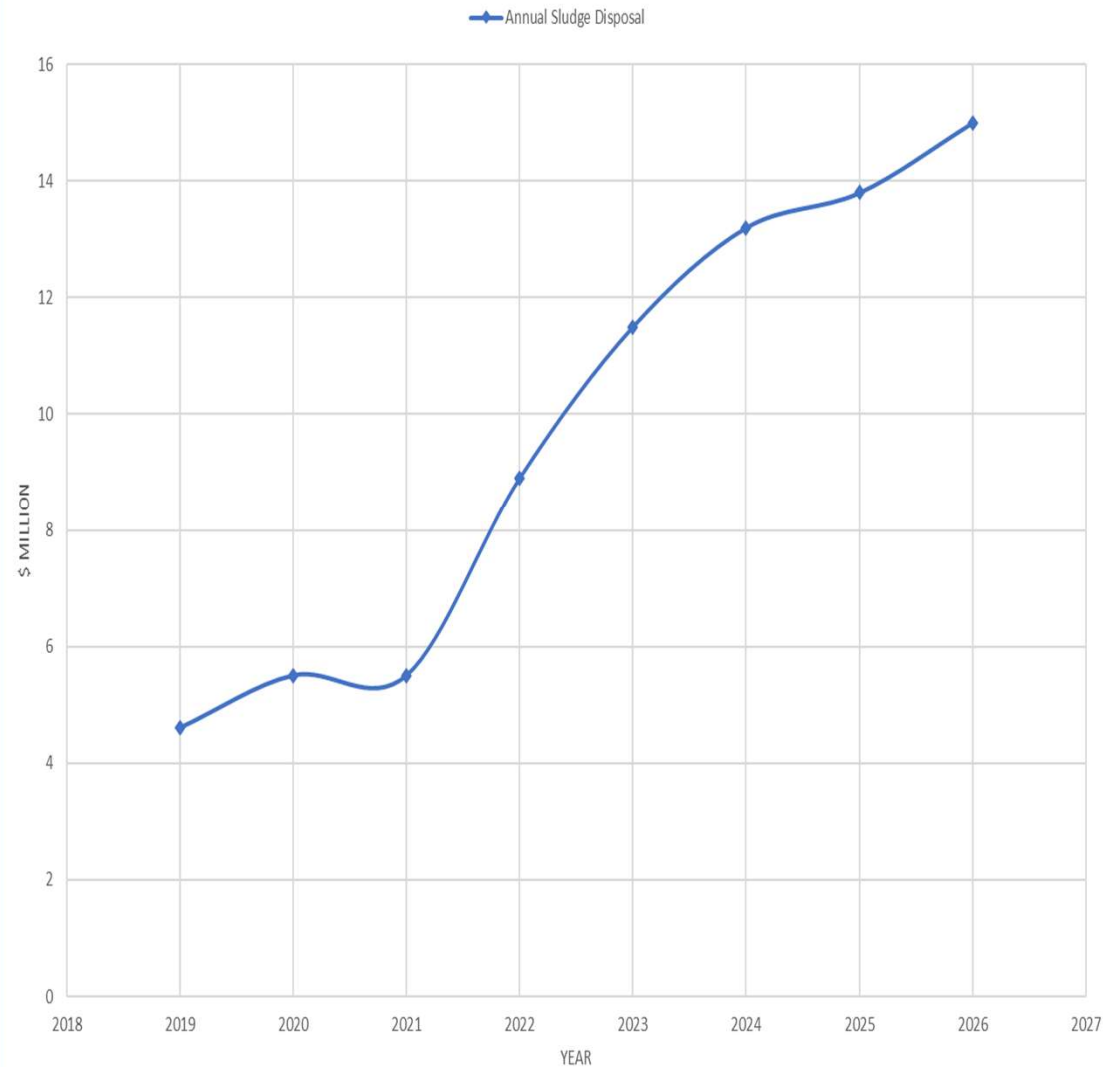
\$4.5 million annual to \$15 million annual in a 6-year period

\$15 million in 2025 to haul and landfill sludge

New sludge disposal contract bid to award in June 2026

Sludge disposal is an operations cost and must be recovered from rates

ANNUAL SLUDGE DISPOSAL COSTS PER YEAR



Residual biosolids sustainable alternatives

RFI issued in April 2023

Over 30 technology responses received

**Good Governance team evaluation
of technologies in process**



**Department of Management Services
Purchasing Division**
241 West South Street
Kalamazoo, MI 49007-4796
Phone: 269.337.8020
Fax: 269.337.8500
www.kalamazoocity.org
purchasing@kalamazoocity.org

REQUEST FOR INFORMATION (RFI)

The City of Kalamazoo, Michigan is formally requesting specific information
To identify the best solution for:

Project Name: Residual Biosolids Sustainable Alternative

Reference #: 96871-018.0

RFI ISSUE DATE: April 24, 2023

Number of Copies Required: **One (1) paper original +
One (1) electronic copy (USB thumb / flash drive)**

DUE/OPENING DATE: Tuesday, May 23, 2023 at 3:00 p.m. Local Time
Facsimile Submissions Will Not Be Accepted.

MAILING ADDRESS & INSTRUCTIONS

Mail to:
Purchasing Division
241 W. South Street
Kalamazoo, MI 49007

Questions about this RFI should be directed to:
Department Contact: **Ryan Stoughton, PE,**
Assistant City Engineer at
(269) 337-8736 or stoughtonr@kalamazoocity.org

Residual biosolids sustainable alternatives

Budgeted funds within the 5-year CIP to fund a sustainable alternative

Good Governance team scoring to align technical and regulatory needs with sustainability goals

Good Governance team scheduled to meet 11-12-2025



WWR CIP

2026 – 2031 Total \$244.1 million

Sustainable biosolids alternatives

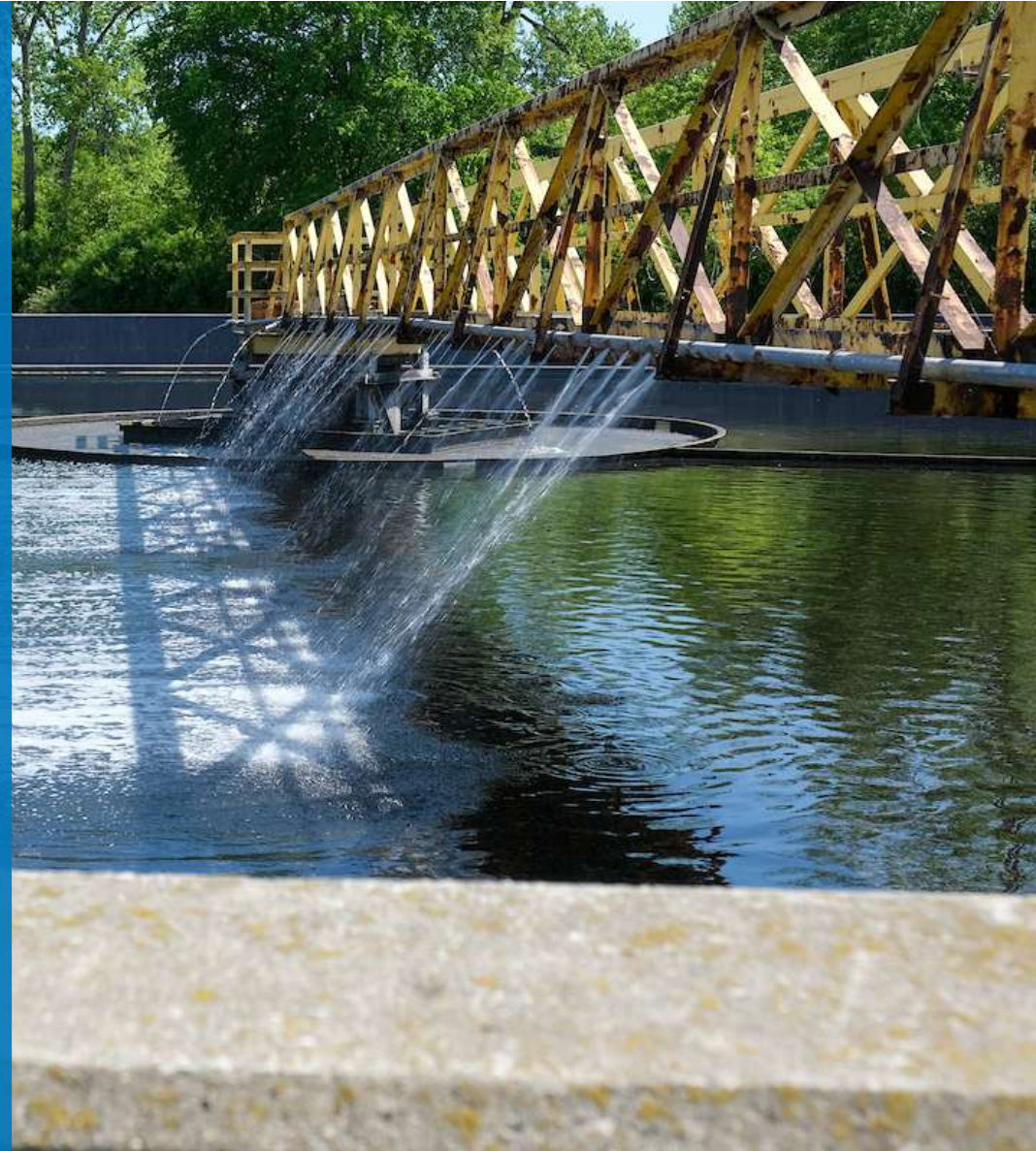
City/Township lift station mechanical and electrical upgrade program

City/Township lift station generator program

City/Township trenchless sewer and manhole rehabilitations

RCKC manhole casting replacements and MDOT special provision

Final clarifier upgrades/solids capacity increases





Proposed FY2026 WWR Rates

Principles of the proposed WWR agreement

Traditional rate development resulted in differing rates for City Customers and Township Customers

Shared benefits and **simplified process**

Equalized WWR rates that embrace **rate stability** objectives

Achieves **regional cooperation** objectives

Equalized rates

Shared benefits

Rate stability

Simplified process

Principles of the proposed WWR agreement

It is important to note that the rate equalization concept was introduced (in part) to resolve disagreements about the existing wastewater rate methodology assigned costs related to the local collection system. The dual concepts of equalized rates and the System performing all such operation, maintenance, and replacement activities for the entire collection system in the region are key to the potential new arrangement.

In prior wastewater rate analyses, separate rates of return were subsequently assigned to Inside City Customers and Outside City Customers, resulting in differential rates. In an equalized rate environment, the System rate of return is applied to all customers

...The equalized rates concept has been embraced and applied to **all** System customers – not just those represented by the potential new service agreement. This study and report computes Wastewater Rates charged to the Municipalities and outside City monitored industries in a manner that similarly “equalizes” the cost of capital revenue requirements in the rate structure.

WWR Rate Methodology Changes

Equalized rate concept across all customer classifications

Major changes in sludge disposal costs and planned capital solution

Future reduction in operational revenue requirements due to sludge capital improvements

Changes in operational and capital cost allocation factors

Changes in customer classification proportional use distribution including solids and lab fees



WWR Methodology Changes

Operations of the Sustainable Biosolids
Alternative project planned for 2031

2031 used as the test year to determine
revenue requirements and coverage
ratio

Annual system rate increases smoothed
out and average using a glide path
approach to 2031

***Innovative Approach
to Minimize Annual
Rate Increases
Through 2031***

WWR Methodology Changes

A 6-year glide path to Equalized Rates, starting in 2025 and ending in 2031.

Inside City: ~ 1.5% above the System average

Outside City: ~ 3.3% below the System average

Similar adjustments and impacts would occur during the glide path.

***System Rate Increase
of 9% in 2026***

WWR Glide Path Proposed Rate Tables by System Rate Requirements

System Rate %	2026 9%	2027 7.5%	2028 7.5%	2029 7.5%	2030 7.5%	2031 0.0%
In City Factor	1.5%	1.5%	1.5%	1.5%	1.5%	-0.4%
Out City Factor	-3.3%	-3.3%	-3.2%	-3.2%	-3.2%	-4.7%
In City Total	11.2%	9.4%	9.4%	9.4%	9.0%	-0.4%
Out City Total	6.4%	4.6%	4.7%	4.7%	4.3%	-4.7%

WWR Methodology Changes

Municipalities will continue to remain enrolled in the SHARES program

There will be no SHARES open enrollment period in 2026 for Industrial Users

Current Industrial Users enrolled in SHARES will be removed from SHARES

Municipal SHARES Rate 6.5% below system rate increase in 2026

Industrial user rate 4.4% above system rate increase in 2026

SHARES

***Sustained Headworks
Allocation Revenue
Equivalent***

WWR Glide Path Proposed Rate

<u>Glide Path Strategy</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>Total</u>
System Rate Adjustment	9.0%	7.5%	7.5%	7.5%	7.5%	0.0%	45.7%
<i>Domestic Adjustment</i>	<i>0.7%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.0%</i>	<i>0.0%</i>	
<i>Domestic Baseline</i>	<i>9.7%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.9%</i>	<i>7.5%</i>	<i>0.0%</i>	
<u>Glide Path Effective Results</u>							
Retail Customers	-0.1%	-0.3%	-0.2%	-0.2%	-0.5%	-2.2%	40.7%
Municipalities	-6.5%	-0.7%	-0.7%	-0.7%	-3.9%	0.1%	29.4%
Domestic Customers	-1.8%	-0.4%	-0.4%	-0.3%	-1.4%	-1.6%	37.7%
Monitored Industries	4.4%	0.8%	0.8%	0.8%	1.3%	4.8%	64.2%

WWR 2026 Proposed Rate Tables

MUNICIPAL WHOLESALE FIXED MONTHLY CHARGES

	Existing <u>Rates</u> \$/cu mtr	Proposed <u>2026 Rates</u> \$/cu mtr	<u>Change</u> \$/cu mtr	<u>% Change</u>
Mun wholesale Unit Cost				
Treatment	0.982	1.069	0.087	8.9%
Interceptors	0.063	0.064	0.001	1.6%
Lift Stations	0.000	0.099	0.099	
Report by Water Meter	0.346	0.396	0.050	14.5%
"Normal" Rate	1.045	1.133	0.088	8.4%

	Existing <u>Rates</u> \$/month	Proposed <u>2026 Rates</u> \$/month	<u>Change</u> \$/month	<u>% Change</u> (a)
<u>Municipalities</u>				
Portage	453,800	461,400	7,600	1.7%
Galesburg	11,200	8,800	(2,400)	-21.4%
Vicksburg	28,900	30,600	1,700	5.9%
Gull Lake	85,600	103,200	17,600	20.6%
Augusta	6,000	3,900	(2,100)	-35.0%
Mattawan	36,500	37,200	700	1.9%
South County	10,000	11,600	1,600	16.0%
Charleston	3,200	3,900	700	21.9%
Portage SW Int	50,800	42,400	(8,400)	-16.5%

* Existing Charges are based on prior estimates of annual volume. Monthly charge impact reflects changes in volume.

WWR 2026 Proposed Rate Tables

INDUSTRIAL SURCHARGES

	Existing <u>Rates (a)</u> \$/cu mtr	Proposed <u>2026 Rates</u> \$/cu mtr	<u>Change</u> \$/cu mtr	<u>% Change</u>
<u>Domestic Volume Charges - \$/cu mtr (a)</u>				
Pfizer	1.145	1.187	0.042	3.7%
Graphic Packaging	0.924	0.993	0.069	7.5%
Inside City Monitored	1.273	1.372	0.099	7.8%
Outside City Monitored	1.654	1.706	0.052	3.1%
<u>COD Surcharge - \$/kg</u>				
Pfizer	0.404	0.438	0.034	8.4%
Graphic Packaging	0.380	0.417	0.037	9.7%
Inside City Monitored	0.380	0.417	0.037	9.7%
Outside City Monitored	0.410	0.444	0.034	8.3%
<u>TSS Surcharge - \$/kg</u>				
Pfizer	1.366	1.601	0.235	17.2%
Graphic Packaging	1.297	1.533	0.236	18.2%
Inside City Monitored	1.297	1.533	0.236	18.2%
Outside City Monitored	1.367	1.602	0.235	17.2%

WWR 2026 Proposed Rate Tables

NH3 Surcharge - \$/kg

Pfizer	5.037	5.083	0.046	0.9%
Graphic Packaging	4.781	4.866	0.085	1.8%
Inside City Monitored	4.781	4.866	0.085	1.8%
Outside City Monitored	5.116	5.149	0.033	0.6%

PHOS Surcharge - \$/kg

Pfizer	14.246	14.981	0.735	5.2%
Graphic Packaging	14.246	14.981	0.735	5.2%
Inside City Monitored	14.246	14.981	0.735	5.2%
Outside City Monitored	14.246	14.981	0.735	5.2%

Industrial Specific Charge - \$/cu mtr (b)

Pfizer	NA	0.119	0.119
Graphic Packaging	NA	0.119	0.119
Inside City Monitored	NA	0.119	0.119
Outside City Monitored	NA	0.119	0.119

(a) There is no existing "domestic volume charge" for the Monitored Industries. These figures reflect rates that would be in effect had the change from quantity/quality to surcharge rates been made last year.

(b) New charge to be phased in starting in 2026.

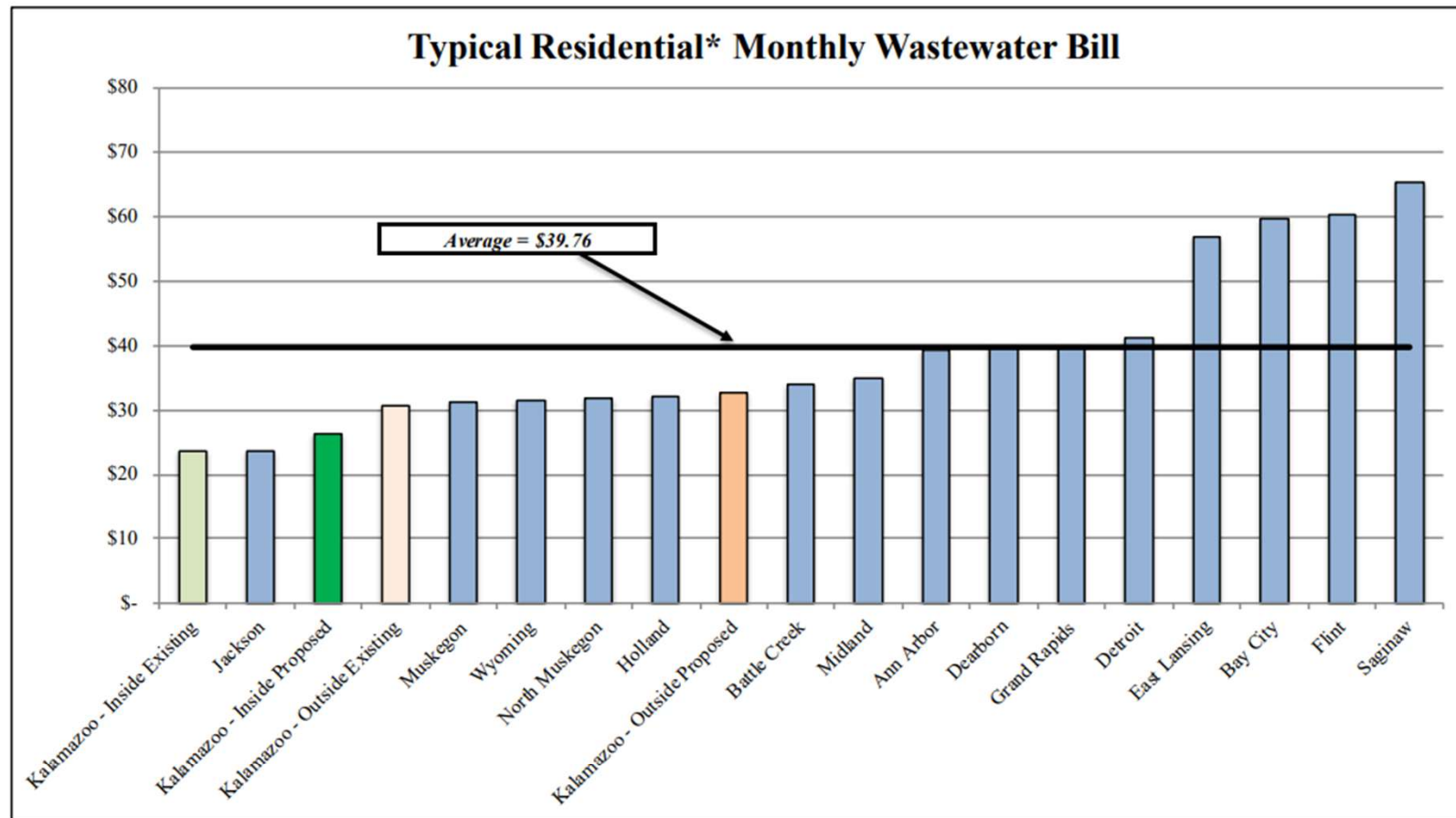


Wastewater rates remain below average

Proposed 2026 wastewater rate increase to typical residential customers:

City = approx. \$2.69 / month

Township = approx. \$2.02 / month



* Based on 3,750 gallons (approximately 14.3 cu mtr) per month, which approximates the current Kalamazoo average residential use based on winter quarter water sales.
Data for other communities reflect preliminary results of a study of published rates currently in effect.

TFG

THE FOSTER GROUP

PRELIMINARY

10/30/25

IPP Awards & Recognition – 2025

**Industrial Professional of the Year– Ghani
Baig – Graphic Packaging**

**Industrial Sustainability Achievement Award
– Bells Brewery**

**Excellence in Compliance – Brandon
Phillips - Allnex**

**Excellence in Communication- Ben Giese –
Allied Geosyntec**

Next Steps

12-1-2025 City Commission Committee of the Whole (COW) Presentation

12-1-2025 WAT & WWR Rate Ordinances Presented to the City Commission for First Reading

12-15-2025 WAT & WWR Rate Ordinances Offered for Public Hearing and Vote by the City Commission

1-1-2026 Proposed Effective Date of WAT & WWR Rate Ordinance Changes

Discussion

